

From: Fuller, Harry
To: RJ
Subject: Serious Concern

Rick:

During recent months, several of our salaried employees who came from hourly have approached me with some serious concerns which I well understand.

The issue primarily relates to pensions.

First off, several current salaried EE's came from hourly within the past 10 years or less. As such, they did not pay into the Part B retirement program during the years they were hourly, so there is a definite deficit in their pension. For example, I looked at the pension with one employee yesterday, and he has 22+ years service and is age 54. His pension as of 05/01/2007 would be \$387.32 per month. As of 01/01/2008, it would be \$458.14. At age 65, he would be somewhere in the \$1500/month range.

My issue with this is, as these employees transitioned to salaried, I encouraged them to do so because I never knew or realized the hit they take for not having been in Part B all their previous years. Then with the recent hourly attrition program, many of their fellow hourly employees were able to retire or even go into the Pre-Retirement program making anywhere from \$2600/ month to higher depending on their credited service and status. Even with the MSR status, these now salaried employees with a pension estimate of \$400 to \$700 per month could have gone out under hourly MSR with approximately \$2200/ month with 22 years or service and age 50 or greater (and most of them are 50+ with 22 or more years). These hourly gone-to-salaried can never hope to attain even the level of \$2200 per month pension their fellow hourly employees got for retiring last year.

These employees have expressed their concerns to me because they would like to have had the option to return to hourly status during last year's attrition program, but of course that was not permitted. Now, with their being locked into the salaried status with most of their years in hourly without a Part B option, they are forever locked into a minimum pension that is mere pennies compared to what their fellow hourly received last year. Even working many more years with Delphi (if that were to even be possible without a sale taking place) they could never attain anywhere near the level their fellow hourly EE's with whom they hired years ago were able to attain in last year's attrition program.

My main point here is, that I had always encouraged employees to transition from hourly to a salaried position because I felt it was in their best interest, even in the area of pension because we were permitted the Part B contributions. Even with the many years we as salaried have paid a portion of our benefits and the hourly did not, I still continued to encourage good employees to make the transition from hourly to salaried. But now, I see that I have done many of them a disfavor because they are suffering from a Part B deficit that can never be overcome.

These employees who have come to me (and I must say that many who transitioned from hourly to salaried have left Delphi for this very reason) and asked: "Is there any way the Corporation can help us out by helping make up some of the deficits in pension we have suffered because of no Part B contributions and now our fellow hourly employees have been able to be provided very good pensions without age reductions, etc, and, additionally, we must incur the age-reduction factor in our retirements which the hourly do not. These employees have asked me to forward their concerns on to someone at a higher level to see if any attention can be focused onto their concerns and issues as to inequities in pensions between hourly and those who went from hourly to salaried.

I will gladly discuss more with you, but this summarizes the concerns that have been expressed to me by many on several occasions. On at least one occasion, I scheduled a call with Brian Studer for two or three to discuss this with him to verify if their pension concerns were valid, and he verified they are.

I, for example, came from hourly as well. However, I was only hourly for about two years; therefore, I have been a Part B contributor for most of my time with GM/Delphi. Many of these employees were hourly for 15 or so years before becoming salaried; therefore, they have missed about 15 years of possible contributions that greatly add to their pensions.

Call me if you would like to discuss further.